



Paul E. Helliker
Director

Department of Pesticide Regulation



Gray Davis
Governor
Winston H. Hickox
Secretary, California
Environmental
Protection Agency

Mill Assessment Questions and Answers

Who is responsible for reporting sales and paying mill assessment?

1. Q. Who is responsible for reporting sales of pesticides sold for use in California and paying the mill assessment?

A. The pesticide registrant has primary responsibility for reporting the amount of pesticides they distributed or sold for use in this State and paying the mill assessment. The licensed pest control dealer, licensed pesticide broker, or other person who caused the pesticide to be shipped into California must report and pay the assessment on any pesticide product sold that has not been previously reported and the mill assessment not previously paid.
2. Q. Can a registrant pass on the responsibility of reporting and paying the mill assessment to a pesticide broker or pest control dealer if the product was shipped to a California location?

A. No. The registrant is required to report and pay on a California sale. Only if the shipment is to an out-of-state location and the registrant did not have knowledge the product would be sold for use in this State can the registrant exempt the sale.
3. Q. If a registered product with complete directions for end-use is used by another registrant for repackaging or sub-packaging another end-use pesticide, who is responsible for reporting and paying the mill assessment?

A. In this case, each registrant is responsible for reporting and paying the mill assessment on their individual registered products. A product must be registered and labeled only for manufacturing or formulating of another pesticide in order to be exempt from the assessment.

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Mill Assessment Questions and Answers, Continued

Who is responsible for reporting sales and paying mill assessment? (continued)

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4. Q. Who pays the mill assessment if a registrant ships pesticides on consignment to an out-of-state pesticide broker or pest control dealer whom later sells them into California?
- A. Since the shipment was on consignment, the broker or pest control dealer would have to notify the registrant of what consignment stock was sold and where it was shipped. The registrant would then have to report and pay on the sale.
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What is assessed

1. Q. What sales must be reported and the mill assessment paid on?
- A. Sales of registered pesticides sold for use in California unless exempted by section 12841(d) of the California Food and Agricultural Code (FAC) or section 6384 of Title 3 of the California Code of Regulations (3CCR).
2. Q. What price must I report and use as the basis to pay the mill assessment?
- A. The assessment is based on the price as shown on the invoice to your customers.
3. Q. Is the mill assessment due on the registrant's pesticide products used in conjunction with their own service contracts?
- A. Yes, you must place a reasonable value (what the product would sell for in like-size containers in like quantities) on the registered product used in the service contract and pay the mill assessment on that value.
4. Q. Are sales made and delivered in California to a State or federal agency (including the military) subject to the mill assessment?
- A. Yes, unless the registrant, pesticide broker or pest control dealer can give reasonable proof that the pesticide will not be used in California.
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Mill Assessment Questions and Answers, Continued

What is assessed? (continued)

5. Q. What records must the registrant, pesticide broker, or pest control dealer keep to show that the pesticide was not used in California?

A. They must have reasonable proof the product was not used in California, i.e., invoices with an out-of-state ship to address, bill of lading, shipping documents, destination receipts, etc.
 6. Q. Is the mill assessment charged against the full price of pesticide-fertilizer combination products?

A. Yes, unless the registrant has applied for and been granted by the Department of Pesticide Regulation (DPR) a percentage of the sales value for each product to be used in calculating the mill assessment as allowed for in FAC section 12841(c)(1).
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Reporting zero sales

1. Q. If no sales are made during a quarter, do I still return the mill assessment forms to the Department?

A. Yes. You are required to report all sales each quarter, including zero sales. Complete the mill assessment forms indicating no sales were made for the quarter by writing "None" or \$0, date, sign and mail the forms prior to the delinquent date.
 2. Q. When completing the second page of the mill assessment report, are all the lines required to be completed even if there are no sales of a specific product?

A. Yes. For each product listed on the report, enter the total dollar value and the total pounds sold for use in California. If there are no sales for a product, enter "0".
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Mill Assessment Questions and Answers, Continued

Exemptions

1. Q. Am I required to pay an assessment on my registered products that are labeled for use in only manufacturing or formulating of pesticides?

A. No. FAC section 12841(d)(2) exempts manufacturing use only products from the mill assessment. A manufacturing use label cannot have directions for end-use on it and must state the product can be used only for manufacturing or formulating of another pesticide. The mill assessment is collected on the sale of the new end-use pesticide.
 2. Q. What is required to claim an exemption under 3CCR section 6384?

A. When a pesticide (active ingredient) is sold to a purchaser for a non-pesticidal use and the invoice clearly identifies its specific intended (non-pesticidal) use, then that sale is not subject to the mill assessment. A statement such as “Not For Use as a Pesticide” does not clearly identify a specific intended use and does not qualify for an exemption from the mill assessment. A pesticide product may only be sold and/or used in accordance with the registered label.
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Invoices

1. Q. How would a pest control dealer, retailer, distributor or broker know that the mill assessment was paid on pesticides they receive?

A. In accordance with FAC section 12847, the sales invoice must show who will pay the assessment on pesticides that are first sold into or within this State. On subsequent sales of the pesticide, the invoice shall show as a comment that the assessment was paid, except retail sales of nonagricultural pesticides.
 2. Q. Can the mill assessment be itemized as a separate item on the invoice?

A. Yes. However, only the person who actually pays the assessment to DPR may show the amount or rate of the assessment as a line item on the sales invoice.
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Mill Assessment Questions and Answers, Continued

Invoices (continued)

3. Q. Would freight charges be included in the amount that is subject to the mill assessment?
- A. The mill assessment is based on the price of the product as shown on the invoice. If the freight charges were listed separately on the sales invoice, they would not be included in the amount that is subject to the mill assessment. However, if the freight charges were included in the price of the product and not itemized separately, then they are subject to the mill assessment.
4. Q. Would the state sales tax on the pesticides be included in the amount that is subject to the mill assessment?
- A. If the state sales tax were listed separately on the invoice, it would not be included in the amount that is subject to the mill assessment. However, if the sales tax is included in the price of the product and not itemized separately, then it is subject to the mill assessment.
5. Q. If a registrant, pesticide broker or pest control dealer gives rebates to their distributors on the basis of gross volume sales for the year, is the mill assessment based on the original invoice price or on the new adjusted price at the end of the year?
- A. The mill assessment is based on the price as shown on the invoice at the time of sale, delivery or contract for sale. Volume sales discounts given at the time of sale and shown on the original invoice are part of the final price and may be considered in the mill assessment.
6. Q. When the registrant, pesticide broker or pest control dealer indicates a discount for a quick payment (such as discount 2 percent, 10 days, net 30 days), what price is used for the mill assessment?
- A. The extended price as shown in the invoice, unless the invoice clearly shows what was paid for the registered products, i.e., the discount price actually paid.

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Mill Assessment Questions and Answers, Continued

Agricultural use products

1. Q. What statements on the pesticide label indicate the product is an agricultural use pesticide and subject to an additional three-fourths mill assessment?

A. The product is labeled for the production of an agricultural commodity, which includes, but is not limited to, the raising or growing of trees, crops, ornamentals, turf, animals, and forest. Also, statements that include uses such as rights-of-way, golf courses, cemeteries, parks, and waterways are agricultural uses. Another indication on the label is when the application rate states pounds/gallons per acre.
 2. Q. If the product is labeled for dual use (product is labeled for both home use and agricultural use), is it considered to be an agricultural use product?

A. Yes. It is considered to be an agricultural use pesticide and you must pay the additional mill assessment.
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Refunds

1. Q. How does the registrant, pesticide broker, or pest control dealer request a refund for an overpayment?

A. If the overpayment was for returned products that the registrant, pesticide broker, or pest control dealer is still selling, then the over-reported sales can be deducted from the sales of the same products for the next quarter. However, a credit memo is needed to substantiate this in the accounting records and for DPR auditors. If the overpayment was for a product that is not a pesticide, a returned product that is no longer registered, or due to a math error, then the registrant, pesticide broker, or pest control dealer can request a refund from DPR and provide a letter of explanation, invoices, labels, etc.
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Further questions

If you have other questions, you can contact Mill Assessment program staff members Mr. Phil Wilson at (916) 445-3893, Ms. Dee Enos-Friedman at (916) 445-3889 or Mr. Cal Johnson, Branch Chief, Audits at (916) 445-4163. You can also send your questions by email to millassessment@cdpr.ca.gov.
